Waiver of interest rates of States

2184. SHRI VARINDER SINGH BAJWA: Will the Minister of FINANCE be pleased to state:

(a) the names of States whose requests for reduction/waiving of interest rates are pending with the Central Government at present; and

(b) the status of requests in each case?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) Out of the sixteen States that have enacted their Fiscal Responsibility and Budget Management Act (FRBMA), claims of three States for debt consolidation, resulting, *inter alia,* in reduced interest rate of 7.5%, have been recommended by the Central Monitoring Committee, set up for this purpose. For the reamining thirteen State Governments, namely Andhra Pradesh, Assam, Gujarat, Haryana, Himachal Pradesh, Madhya Pradesh, Maharashtra, Manipur, Orissa, Rajasthan, Tamil Nadu, Tripura and Uttar Pradesh the status of FRBMA in regard to conditions laid down by TFC to become eligible for debt consolidation facility is being examined for placement before the Committee for their recommendation.

Collection of loans with compound interest from small entrepreneurs

2185. SHRI V. HANUMANTHA RAO: Will the Minister of FINANCE be pleased to state:

(a) whether Government have asked banks to collect loans with compound interest from small entrepreneurs;

(b) whether it is a fact that Government have urged banks to collect their loans without any concessions in matter of interest;

(c) to what extent does Government apply these standards to itself;

(d) whether Government would honour debts to small entrepreneurs when it holds their funds; and

(e) if not, steps proposed to implement proper policies by Government?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) No, Sir.

(c) and (d) Do not arise.

(e) As per the policy package on stepping up credit to SME sector announced by the Finance Minister in Parliament on 10th August, 2005, a one-time settlement scheme for recovery of NPAs below Rs. 10 crores as on March 31, 2004 has been advised to all public sector banks for implementation which will provide a simplified, non-discretionary and non-discriminatory mechanism for one time settlement of chronic NPAs in the SME sector.

Withdrawal of powers of CAG

2186. SHRI B.K. HARIPRASAD:
SHRI R.K. ANAND:

Will the Minister of FINANCE be pleased to state:

(a) whether Government propose to do away with the role of CAG on Government companies and PSUs through a bill to be introduced soon, on the basis of the recommendations of J.J. Irani Committee;

(b) whether Government feels that such tasks of audit of Government companies and PSUs would be better handled by CA firms; and

(c) whether it is a fact that professional Chartered Accountant cannot discharge the social responsibilities hitherto assigned to watchdog institutions like CAG?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (c) The Government is considering a comprehensive revision of the Companies Act, 1956, on the basis of a broad-based process of consultation starting with placing of a concept paper on Company Law on the website of the Ministry in August, 2004 for public comment and including constitution of an Expert Committee headed by Dr. J.J. Irani in December, 2004 to advise on various company law issues. Taking into account various inputs, including the report of the Expert Committee, the Government would take a suitable view on the